



WISCONSIN

**DEPARTMENT OF WORKFORCE DEVELOPMENT**  
Division of Economic Support  
Bureau of Work Support Programs

**TO: Economic Support Supervisors  
Economic Support Lead Workers  
Training Staff  
Child Care Coordinators  
W-2 Agencies**

**FROM: Stephen M. Dow**  
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**BWSP OPERATIONS MEMO**

**No.: 00-52**

**File: 7130**

**Date: 07/25/2000**

**Non W-2 ☐ W-2 ☐ CC ☒**

**PRIORITY: High**

**SUBJECT: 2000 CHILD CARE SURVEY – FOR DETERMINATION OF 2001  
MAXIMUM RATES**

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**CROSS REFERENCE:** BWSP Operations Memo 99-55

**DUE DATE:** October 13, 2000

**PURPOSE**

This memo, along with its attachments, transmits the materials and instructions for the annual child care rates survey to be conducted during the summer of 2000. An annual rates survey is required by federal regulations and state administrative rules. It is used to establish a level of maximum reimbursable rates for each county and tribe.

Also contained in this memo are several policy statements regarding the payments to providers for child care services. In addition to the information contained within this Operations Memo, the following documents are also attached:

- Annual Child Care Rates Survey - Licensed Group and Licensed Family Day Care
- Instructions for Converting Rates Reported by Child Care Providers
- Reimbursement Rate Determination - Instructions for Determining the Weekly Ceiling and the Hourly Price
- Sample Data Examples For Determining Weekly Ceilings and Hourly Rates
- Request for Approval of Child Day Care Rates (DES-2465 - Revised 7/00)

**DOCUMENT SUMMARY**

This document provides instructions and materials for local child care agencies to conduct the annual child care rates survey. The survey must be conducted according to federal and state requirements.

The survey results are due back to the Office of Child Care by October 13, 2000.

**SINGLE SURVEY INSTRUMENT**

Attached is the survey instrument which is to be used by local agencies to collect price information from licensed group and licensed family child care providers.

The continuing reason for issuing a standard survey to be used statewide is that this single survey instrument, issued by the Department of Workforce Development (DWD), represents the movement towards consistency and standardization of the methodology for establishing child care reimbursement rates.

Use of the survey is required. However, if a local agency can document that using the survey will create an undue burden on the agency's staff or workload, the DWD will consider granting exemptions to the required use of the survey form. If it is necessary for your county/tribe to request such an exemption, please send your proposed survey instrument, along with the justifications for the exemption, by August 11, 2000, to:

Rebecca Brueggeman, Child Care Specialist  
Office of Child Care  
201 E. Washington, Room G100  
P.O. Box 7935  
Madison, WI 53707-7935

**SURVEY TIME FRAME**

The survey is required to be conducted during the period of August 1 through September 30, 2000. The survey shall collect providers' prices which will be in effect on January 1, 2001. Written verification of what the prices will be on January 1, 2001, is required from the provider.

The fee schedule submitted by the provider should be the fee schedule which is used for private pay families.

The completed DES-2465 form, the worksheet showing the determination of the 75th percentile rates, the worksheet showing the conversion calculations performed by your agency, along with any other relevant documents, shall be submitted no later than October 13, 2000, to:

Rebecca Brueggeman, Child Care Specialist  
Office of Child Care  
201 E. Washington, Room G100  
P.O. Box 7935  
Madison, WI 53707-7935

Note: Copies of returned individual child care providers' surveys are not required to be sent to the Office of Child Care. These should be kept at the local agency for reference.

The Office of Child Care will notify local child care agencies of approved maximum rates by December 1, 2000.

The approved rates structure will be in effect from January 1, 2001 through December 31, 2001.

### ***2001 RATE EFFECTIVE DATES IN CARES***

Enter provider rates for 2001 on screen CCRP with an effective begin date of December 31, 2000. Provider rates for the year 2001 must be entered by close of business on December 29, 2000. Since provider rates can be entered at any time with future effective begin dates, we recommend that local agencies allow sufficient time for this data entry and begin well in advance of this deadline.

The county/tribal maximum rates will be entered into table TCMX by the state with an effective date of December 31, 2000.

The annual mass rate change will occur the weekend of December 30 and 31 of 2000. All authorizations with dates after that change will be calculated using the county maximum rates and provider rates for the year 2001 (that were entered on CCRP on or before December 29, 2000) in the calculation.

More information will be sent on the annual mass rate change later this fall.

### ***GENERAL PRINCIPLES FOR THE 2000 RATES SURVEY FOR DETERMINATION OF 2001 MAXIMUM RATES***

1. The base hourly rate (local agency hourly rate) for each category of licensed child care provider within the county/tribe should be based on a survey of the market price - the price that private paying families pay for child care. Therefore, the survey, conversion formulas, payment units, and other payment policies have been constructed to reflect the private pay market as nearly as possible.
2. Part-time child care costs more per hour to provide than full-time care, so hourly rates should reflect the market for part-time care. The child care market has shown that statewide, providers charge more per hour for part-time care in order to cover the "slot" the child is filling, because many times the provider cannot find another child to come into that "slot" after the first child has left, ultimately, the part-time child has filled the full-time slot.
3. Public rates and payment policies should support reasonable quality child care, within the limitations of the market price for licensed child care.
4. Child Care Funding Administrative Rule DWD 56.06(3)(b) requires rates higher than the regular maximum rates be paid to child care providers who meet higher quality of care standards. For purposes of paying higher rates, the higher quality of care standard is accreditation. Payment will not exceed the provider's reported weekly price or the agency weekly ceiling increased 10%, whichever is less.
5. Rates and payment policies should facilitate parent choice from a broad range of regulated care.

6. Providers must submit information requested in the rate survey in order to receive public child care funding. Authorizations to licensed child care providers who do not submit price information cannot be completed, unless previous rate information had been verified in the past.

### ***GUIDELINES FOR THE RATES SURVEY AND CALCULATING MAXIMUM RATES***

The following statements are provided to assist and guide local agencies in the process of conducting the rates survey and preparing the material for submission to the Office of Child Care. Please refer to the accompanying material for more detailed instructions.

1. County/tribal child care agencies are to contact licensed child care providers located in the individual county/tribe for this survey. *If the county/tribal child care agency does not have a current directory of licensed providers, the agency should contact the Regional Licensing Office assigned to their county/tribe to request a current directory.*
2. Only fees charged by the following types of licensed providers are to be included in the calculation of maximum child care rates.

- a. Licensed group child care centers, serving at least three private paying families, paying the full price for child care during 2000.
- b. Licensed family child care centers, serving at least one private paying family, paying the full price for child care during 2000.
- c. Licensed child care programs which provide care to children ages 0-6, throughout the year (at least 11 months) and which provide full-time child care (at least 5 days a week and 5 hours per day).

**\*\*Providers which are funded by sources other than fees (e.g., Head Start, 51.437-funded) and providers which do not offer open enrollment (e.g., employer-sponsored programs which serve only employees of the sponsor) are to be excluded from the rate calculation process.**

3. Do **not** survey Regularly Certified and Provisionally Certified child care providers.
4. Age categories for setting maximum reimbursement rates include two age groups. These groups are defined as:
  - a. The infant category defined to include children under two years of age.
  - b. The preschool and school age category includes children ages 2 -12 (up to the child's 13th birthday).
5. For Regularly Certified (Level 1) child care providers, rates will be set at 75 percent of the licensed family day care rate. For Provisionally Certified (Level 2) child care providers, rates will be set at 50 percent of the licensed family day care rate.
6. County/tribal maximum rates shall not be changed during the year. However, individual providers may adjust their rates during the year (with written verification), and this revised price once entered into the Child Care Payment System (CCPS) will then be used when calculating the reimbursement to the child care provider. Local agency verification of the

reported provider price, prior to entry into the CCPS is necessary to ensure that authorizations that are already in place to the provider are recalculated correctly by the payment system.

7. When a provider's fee schedule does not include a price for full-time care, the weekly price for 50 hours of care will be requested. If the provider reports only an hourly payment rate for each age group, the local agency shall multiply the hourly price by 50 hours to determine a weekly price for each age group. These calculated weekly prices should be included in the rates calculation when determining the price at which 75 percent of the slots for that age group and provider type can be purchased (agency weekly ceiling).
8. Transportation costs, field trip and material fees, meal costs, etc., are to be incorporated into the provider's weekly price. If these and other fees are charged separately by the child care provider they will not be reimbursable by the local agency.

Registration fees, when billed by the child care provider, and/or requested by the family are to be paid at least annually. Payment for registration fees can be made only after actual attendance takes place. It will be local agency discretion as to how often this registration fee payment will be made during the year (one time per year per child, one time per child care provider, etc.).

When a family leaves an authorized day care provider, and begins attending a new provider, it will be agency discretion if a 2nd registration fee should be paid for the family during a single twelve month period. The agency should review the request on a case-by-case basis to determine why the family has changed providers. Reasons which agencies may allow for a parent to choose another provider and have additional registration payments include: Allegations of abuse or neglect, employment change, employment schedule change, needed hours of child care change, provider no longer providing care, etc.

Registration fees are limited to \$100.00 per child, per authorization.

9. The maximum weekly rate for licensed providers, as determined by the 75th percentile of rates, will be used as the ceiling rate that all licensed authorizations will be compared against. Whichever rate is less, the authorized rate or the 75th percentile ceiling rate (increased 10% for attendance based payments or payment made to accredited providers) will be compared to the provider's reported actual weekly price. Weekly ceilings are set for two age groupings; under 2, and 2-12 years old.

Separate surveys are completed for licensed group child care providers, and licensed family child care providers.

10. The maximum weekly rate (ceiling) for licensed providers will be converted into an hourly rate to determine a single hourly payment rate. Local agencies will determine the divisor (30, 35 or 40 hours) used to calculate the agency hourly rate for each provider category (licensed group, licensed family, regularly certified and provisionally certified). The divisor used should be determined by the local market practice within the community.

Agencies have the option of choosing a different divisor for each provider category. This divisor should be indicated on the Request for Approval of Child Day Care Rates. When calculating the Regularly Certified and Provisionally Certified hourly rates, local agencies now have two options:

- a. Agencies can continue, as in the past, to use the Licensed Family Child Care hourly rates (for each age group), and multiply these hourly rates by 75% (for Regularly Certified) and 50% (for Provisionally Certified) to determine the hourly rates for Regularly Certified and Provisionally Certified providers.
- b. Agencies can use the Licensed Family Child Care Weekly Ceiling (for each age group), and multiply these weekly ceilings by 75% (for Regularly Certified) and 50% (for Provisionally Certified) to determine a weekly ceiling (only used as a calculation tool) from which the hourly rates will be calculated. Local agencies will then determine the local market divisor, and then calculate the hourly payment rate for each age grouping for Regularly Certified and Provisionally Certified providers.

Note: Weekly ceilings are not used for Regularly Certified or Provisionally Certified providers.

11. Counties and tribes have authority to authorize child care reimbursement in excess of the hourly rates or weekly ceilings on a case by case basis if payment is for a child with a special need.
12. Counties and tribes have authority to authorize child care reimbursement in excess of the weekly ceiling (for licensed child care providers) on a case by case basis if payment is for 50 or more hours of child care, or if other extenuating circumstances are involved within the individual case as defined by the local agency.
13. Counties and tribes which authorize in-home child care for 15 or more hours per week must use a beginning reimbursement rate that at least meets minimum wage requirements. The copayment is then subtracted from the agency payment, prior to the calculation of the hourly reimbursement rate.

### ***CHILD CARE PAYMENT POLICIES***

Due to the Department's efforts to move toward standardized child care payment practices, the following policy statements became effective January 1, 1997. These policies remain in effect for 2001.

1. Payments to licensed group and licensed family day care providers will be made according to the *authorized enrollment* amount of payment, regardless of actual usage. This payment will remain the same until the authorization is either modified or ended. An exception are authorizations entered as attendance based because the hours needed for child care vary widely from week to week.
2. Payments to certified providers will be based upon the actual number of hours attended, up to the maximum amount of hours *authorized on attendance*.
3. For clients with widely varying work or child care schedules, regardless of the type of child care provider chosen, the local agency may determine that payment will be based upon attendance.
4. Field trip fees, meal fees, transportation fees, and material fees will not be paid separately, unless these costs are incorporated into the provider's weekly price, and are charged this way to private pay families as well.

5. One time and/or annual registration fees will be paid, up to a maximum of \$100.00, if the provider has requested this payment, and the child has had actual attendance reported to the local agency. The extent to which registration fees are paid is left up to local agency discretion however, the local agency should ensure that such fees are also charged to the provider's private pay families. See # 8 under Guidelines For The Rates Survey and Calculating Maximum Rates for further directions.
6. When entering licensed providers weekly prices into the Child Care Payment System, enter the weekly price on screen CCRP for each provider location. Enter the highest weekly price reported for each age grouping (under 2, and 2-12 years old). If the provider reports hourly prices only, calculate the weekly price for each age grouping by multiplying the hourly rate by 50 hours.
7. Weekly prices should not be changed on screen CCRP until the licensed provider has verified the change of price with appropriate documentation.
8. When authorizing child care for in-home child care or special needs child care which requires a payment rate above the local agency maximum rates, the agency will need to manually calculate the payment rate, and enter this payment rate into CARES on screen CCAC. When authorizing special needs child care to a licensed provider, the weekly ceiling should not be used when calculating the reimbursement rate.
9. Local agencies will be responsible to update individual provider reported prices in CCPS as they are verified. Agencies will need to indicate effective dates for which the rates are to be used.
10. The Office of Child Care will be responsible to update county and tribal maximum rates approved for 2001 in CCPS as they are approved. No rates will be entered into CCPS without previous approval.

## **CONTACT**

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Office of Child Care  
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